

**COUNTY OF CHARLESTON
GENERAL SESSIONS COURT
CHARLESTON, SOUTH CAROLINA**

**State Auditor's Report
April 30, 2006**

**COUNTY OF CHARLESTON GENERAL SESSIONS COURT
CHARLESTON, SOUTH CAROLINA**

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State of South Carolina



Office of the State Auditor

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RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

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November 1, 2006

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Julie J. Armstrong, Clerk of Court
Charleston County General Sessions Court
Charleston, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Charleston County General Sessions Court for the period May 1, 2005 through April 30, 2006, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

CLINE BRANDT KOCHENOWER
& Co., P.A.
Certified Public Accountants
Established 1950

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the County of Charleston General Sessions Court System and to assist the South Carolina Office of the State Auditor in complying with the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. Julie J. Armstrong, Clerk of Court for the County of Charleston is responsible for compliance with the requirements for the General Sessions Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-17-750 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the County Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the County Treasurer.
- We inquired of the Clerk of Court and County Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of May 1, 2005 through April 30, 2006 to determine if the Clerk of Court submitted the reports to the general sessions treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY

- We traced each month's reporting by the Clerk of Court to the County Treasurer's Office and to the County's general ledger accounts for the assessments (Sections 14-1-206(A), (B) and (D)) and victim's assistance surcharge (Section 14-1-211) for the period May 1, 2005 to April 30, 2006.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2005 – 2006 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines' range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our finding is reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by County council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-206(E)(4).
- We compared the fiscal year-ended June 30, 2005 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 145 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We judgmentally selected a sample of Victim's Rights Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-206(E) and Section 14-1-211(B).

We found no exceptions as a result of the procedures.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period May 1, 2005 to April 30, 2006.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-206(B).
- We traced amounts recorded in the County's financial statement Schedule of Fines, Assessments and Surcharges on page 145 of the year ended June 30, 2005 report related to fines and assessments revenues reporting in accordance with Section 14-1-206(E) to supporting schedules used in the audit to comply with Section 14-1-206(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

We found no exceptions as a result of the procedures.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended April 30, 2006 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the State Auditor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victim Assistance, Chief Justice and the Governor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "R. H. Gilbert, Jr." with a stylized flourish at the end.

September 13, 2006

ACCOUNTANTS' COMMENTS

**COUNTY OF CHARLESTON GENERAL SESSIONS COURT
CHARLESTON, SOUTH CAROLINA**

State Auditor's Report
April 30, 2006

**MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR
REGULATIONS**

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

The conditions described in this section have been identified as material weaknesses or violations of State Laws, Rules, or Regulations.

COUNTY OF CHARLESTON GENERAL SESSIONS COURT
CHARLESTON, SOUTH CAROLINA
State Auditor's Report, Continued
April 30, 2006

TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY

INSTALLMENT PAYMENTS ALLOCATION

CONDITION 1: The County is not applying collections to the Indigent Defense Fee first until liquidated before applying any collections to other fines and fees when installment payments are made.

CRITERIA: The 2005 – 2006 General Appropriation Act Proviso 35.13 states, "Every person placed on probation on or after July 1, 2005, who was represented by a public defender or appointed counsel, shall be assessed a fee of five hundred dollars. The revenue generated from this fee must be collected by the clerk of court and sent on a monthly basis to the Office of Indigent Defense to be divided between the Conflict Fund and the Defense of Indigents/Per Capita Fund administered by that office. ... This assessment shall be collected and paid over before any other fees."

CAUSE: The County software system is programmed and maintained by the County Information Technology department. This department has programmed the software to allow the payee or the cashier to determine where the payment is applied.

EFFECT: Indigent Defense fees are not collected and applied in accordance with the law. The fee should be paid in advance of any other fines and assessments. The County has remitted money to the State Treasurer's Office that should have been designated for the Office of Indigent Defense for the Conflict Fund and the Defense of Indigents/Per Capita Fund.

AUDITORS' RECOMMENDATION

The County should ensure immediate implementation of Proviso 35.13 and begin remitting Indigent Defense funds ahead of any other obligations in accordance with the law. The County should determine the effect of its prior non-compliance and develop and implement a plan to correct the non-compliance as necessary.

CONDITION 2: The County computer system does not automatically prorate installment payments across all fine, assessment and surcharge amounts. Instead, the program allows the payee to designate or the cashier to choose which item is paid with a partial payment.

CRITERIA: The Court Administration Memo from Robert L. McCurdy dated June 14, 2005 section A. 10 states, "When the fine and assessment are paid in installments, Section 35.11 ... requires that 51.80722% of each installment be treated as a payment towards the assessment. The remaining 48.192771% is treated as a payment towards the fine. ... Prior to making these computations, you must determine what other assessments may apply (conviction surcharge, DUI assessments, etc.). Those charges must be collected separately and not included in the percentage splits explained above."

CAUSE: The County software system is programmed and maintained by the County Information Technology department. This department has programmed the software to allow the payee or the cashier to determine where the payment is applied.

EFFECT: Fines, assessments and surcharges are not paid in a prorated manner. Prorated distribution of payments is essential to ensure all entity's interests are sharing in the payments and one entity does not fall short should payments cease before the fine is paid in full.

AUDITORS' RECOMMENDATION

The County should assess the software to determine if it is possible to prorate the payment in accordance with the law. Once determined, the County should design and implement procedures to prospectively allocate partial payments. The County should assess the effect of the error on current data and make a determination on the best course of action to bring past payments into compliance with the law.

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JULIE J. ARMSTRONG
CLERK OF COURT
CHARLESTON COUNTY

October 31, 2006

Richard H. Gilbert, Jr. CPA
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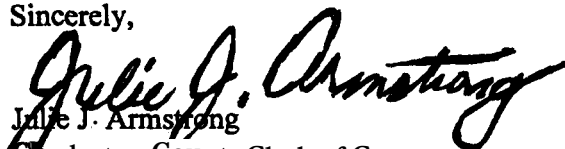
Dear Mr. Gilbert:

Please accept this as my response to the State Auditor's Report of the General Session's Court dated April 30, 2006. The independent Auditors were professional and courteous. I appreciate the opportunity to share in the insights gleaned from an unbiased vantage point, and welcome the occasion to review our processes.

Obviously, I am very pleased that no exceptions were found by the independent Auditor as to the timely reporting by my office, proper victim's assistance funds accounting, and timely accurate reporting to the State Treasurer. However, there were two exceptions regarding the accurate recording and reporting by the County. These items have been reviewed and I am working with the County Information Technology Department to fully implement the Auditor's recommendations.

Thank you again for providing me an opportunity to respond to the findings of the Auditor. I look forward to working with your staff in the future.

Sincerely,


Julie J. Armstrong
Charleston County Clerk of Court